



Tuesday, 15 October 1957,
 at 10.45 a.m.

NEW YORK

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Chairman: Mr. Jiří NOSEK (Czechoslovakia).

AGENDA ITEM 12

Report of the Economic and Social Council (chapters II, III, IV and V) (A/3613, A/3661) (continued)

GENERAL DEBATE (continued)

1. Mr. FLORES MORA (Uruguay) paid a tribute to the high quality of the report of the Economic and Social Council (A/3613), every page of which testified to the seriousness and sense of responsibility with which the Council dealt with economic problems. However, his delegation did not necessarily agree with all the ideas presented in the report, nor did it approve of all the conclusions. It reserved the right to speak again on the questions of the general trend in the work of the Council in the course of the debate on the financing of economic development and on technical assistance; for the time being, his remarks would be of a general nature.

2. In its report, the Council stated that all countries were very much concerned with inflation and its consequences, and added that economic development had to be reconciled with economic and monetary stability, if troubles that could compromise the real interest of nations were to be avoided. If that were really the Council's view, a slackening of growth would be a perfectly legitimate means of reducing inflationary pressures or of strengthening currencies. Though it reflected the views of many economists, that reasoning was dangerous. Economic development, in general, and that of the economically weak or backward countries, in particular, was an essential goal towards which mankind should advance resolutely, for only its realization could rid the world of poverty, ignorance and disease. For a solution of the problem of economic balance one had to look to world-wide co-operation, to the strengthening of international institutions such as the International Bank for Reconstruction and Development and the International Monetary Fund, and to a return to the plans laid at the United Nations Conference on Trade and Employment, at Havana, 1947-1948.

3. A closer scrutiny of the situation supported the idea he had expressed. A great deal had been said of the trend of the terms of trade, and some - relying on statistical data which could often be variously interpreted - had gone so far as to state that certain under-developed countries were now in a more favourable position. That was not the case. In 1955 the exports of raw materials from the Latin American countries had risen notably, while the same region's imports of

manufactured and capital goods had declined markedly; and yet the region as a whole had suffered from a balance of payments a deficit of \$90 million because of the fall in the prices of raw materials. The trade deficit of Uruguay, for example, had doubled in 1955 as compared with 1954. In 1956, in spite of poor harvest, Latin America had stepped up its exports to unprecedented levels. However, the per capita volume of goods and services had decreased somewhat compared to 1955, and though, as reported by the Economic Commission for Latin America (E/2998)^{1/}, gross income had increased somewhat, that increase was simply identical with the growth in population. Uruguay's balance of trade, for example, had shown a small favourable balance of \$5 million but it had been accounted for not so much by the rise in the price of wool at the time of the Suez crisis as by a reduction of imports and, especially, by the increase in the volume of wool exports.

4. How, then, could the desired balance be achieved? How could the countries in the process of development be assured of the conditions of commercial and monetary stability without which their efforts would be doomed to failure? For one thing, international action could help greatly to create those conditions. It should not only contribute to the development of trade between nations, but should also make it possible to organize trade on an equitable basis. The Bank, the Fund, GATT, all had their functions, but after the Havana Charter had proved abortive essential aspects of world economic dynamics had been neglected. The Havana Charter had contained provisions governing the stabilization of the prices of primary commodities at a level based on the costs of production plus a fair profit. The Charter had not received the requisite number of ratifications and had been replaced by GATT; but the latter unfortunately omitted those provisions which had been meant to protect the purchasing power of the economically weak countries that were totally dependent on trade in primary commodities. The problem of the disposal of surpluses, which was so disturbing for the market for primary commodities, in some way marked the culminating point of the economic drama that the instability of prices represented for the primary producing countries; that problem, too, had been dealt with in the Havana Charter.

5. He did not wish to advocate any one particular method, but he wanted to stress the need for a sustained common effort, for a continued awareness of the ideal as described in the resolutions adopted a few weeks earlier by the Economic Conference of the Organization of American States at Buenos Aires. The Economic and Social Council had the heavy responsibility of guiding that common effort. However valuable the Council's

^{1/} Official Records of the Economic and Social Council, Twenty-fourth Session, Supplement No. 8.

theoretical work, the world could not afford the luxury of using it merely as a research body. The peoples were clamouring for solutions based on justice, and it was the Council's duty to help them to satisfy their aspirations.

6. Besides, it would be wrong to think that the under-developed countries would willingly resign themselves to the simple role of producers of raw materials. As the Secretary-General had told the Economic and Social Council at its twenty-fourth session (973rd meeting), industrialization was indispensable to economic development; it was a demographic imperative for countries like Uruguay, whose agricultural activities were unable to absorb the surplus manpower resulting from population growth. Thanks to its industrial development, Uruguay enjoyed one of the highest standards of living in Latin America; industrialization also tended to stabilize the country's balance of payments and to bolster its national income. Uruguay was determined to continue its efforts to raise the standard of living of its people. At the same time, he was constrained to regret the slackening rate of growth of industrial production in the countries of Latin America as a whole; the rate had declined from 7 per cent in 1954 to 3 per cent in 1956.

7. In concluding, he referred to the important statement made by the Under-Secretary for Economic and Social Affairs at the opening of the general debate (454th meeting). Mr. de Seynes had said that according to biologists and sociologists the superiority of man over animals lay in man's ability to develop a language and to pool acquired experiences: he (Mr. Flores Mora) would like to cite Plato's dictum that the difference was due above all to man's ability to express feelings of love, sympathy and solidarity. Mr. de Seynes had then referred to the famous experiment carried out by the entomologist Fabre with a colony of caterpillars: but unlike the caterpillars, the under-developed countries were not dying of inaction within reach of their food, they were not blindly following a single path, but were trying in common and deliberately to overcome the difficulties hampering their advancement. Those difficulties were essentially due to the fact that the under-developed countries were caught up in a rigid economy governed by forces as blind as instinct. The Uruguayan delegation was confident that they would be overcome in the end, thanks to international economic co-operation in conformity with the United Nations Charter.

8. Sir Alec RANDALL (United Kingdom) said that he would not discuss the report of the Economic and Social Council in detail but would like to draw a few broad lessons from it. Before proceeding, he expressed agreement with the correction suggested by the representative of Mexico to the third paragraph of the introduction to the report. The Council had not intended to oblige the regional economic commissions to consider the question of the European Common Market, but had merely recommended that they might do so.

9. The report not only illustrated the value of the function of the Economic and Social Council, but also justified the time spent on the compilation of the various studies undertaken at its request. The greater part of those studies helped towards a better understanding of the problems to be solved and of the possible remedies. His delegation attached great importance to the studies of atomic and non-conven-

tional sources of energy to which the United Kingdom, as a pioneer in the utilization of atomic energy for peaceful purposes, had made a substantial contribution. The Council was not, however, merely an academic debating body: most of its subordinate bodies were engaged in constructive work which deserved mention. Amongst the functional commissions which came within the purview of the Second Committee was the Transport and Communications Commission which had done good work in the past. The other functional commissions and the regional economic commissions were all doing most useful work.

10. In his lucid opening statement to the Committee, the Under-Secretary for economic and Social Affairs had pointed out the extreme complexity of the world economic situation and the close interrelation, from the strictly economic point of view, of the problems confronting all countries, whatever their economic system, their state of development or their wealth. Mr. de Seynes had also rightly mentioned the social factors involved, of which the best known was probably urbanization. He (Sir Alec) would not enlarge on these problems, since they were being dealt with actively by the Third Committee. He had only mentioned them to show that there was no quick, easy and universal way of changing the economic structure of the world. No one could regard with indifference the poverty and ignorance which overshadowed vast areas. But history, and particularly recent history, showed that the price of hasty and dictatorial change could be too high in terms of human suffering. Until disarmament, with its resulting security and stability was achieved, the United Nations should be wary of too radical solutions; it should fight the battle for economic progress step by step and sector by sector, working at its studies and analyses, taking whatever practical steps it could. It was precisely for that reason that the Committee should not attempt to formulate a declaration of general principles on the lines proposed by the representative of Romania (455th meeting), for such an undertaking would be lengthy and arduous and would in any case be of a more theoretical than practical interest.

11. Turning to the economic position of the United Kingdom, he said that the Government not only had the firm intention of maintaining the value of the proud sterling, but also had full confidence in its ability to maintain the value of the currency. The recent measures concerning the bank rate and the regulations concerning the level of investment in the coming year were all designed to sustain the economy at its present high level, to the advantage of the world at large. As the members of the Committee had no doubt followed the deliberations of the meetings of the Bank and the Fund at Washington he would not repeat the statements of the Chancellor of the Exchequer on the subject of the United Kingdom's trading position and balance of payments. He would merely recall the two basic conclusions: first, the economic position of the United Kingdom as a trading, producing and investing State was healthy; secondly, the United Kingdom, which was not the only country faced with the problem of cost inflation, had taken all the normal precautions to check that trend. Measures were being taken to defeat purely speculative moves against its currency and to reduce the money supply as far as might be necessary to a level justified by the level of industrial production.

12. During the debate, he had been particularly struck by the persistent references of the USSR representative

to the defence expenditure of the United States and the other countries member's of the North Atlantic Treaty Organization. The reasons for that expenditure were so familiar that they did not have to be restated; the one-sided presentation of the facts by the representative of the Soviet Union was no less familiar. At the Twenty-fourth session of the Economic and Social Council, the United Kingdom representative had asked the USSR representative, after a similar exposition, to furnish a statement of the arms expenditure of the Soviet Union and its allies. It was a pity that the USSR had not acceded to the request, for such a statement would have offered a clue to the potential capacity of the Soviet Union to help the under-developed countries.

13. In reply to the representative of Poland, he said that the statistics for per capita exportation of under-developed and developed countries could not be compared, for the purpose of demonstrating the gap between the two groups, independently of such social factors as population increases, which, in some under-developed areas, were not matched by increases in production. Furthermore, the derogatory term "rump" was hardly the correct epithet to describe such organizations as GATT and Organization for European Economic Cooperation which, far from being "rump" organizations were broadly representative and made a useful contribution to economic co-operation.

14. Proceeding, he said that the expression "peaceful coexistence" was inappropriate in an economic context. Peaceful coexistence in the economic field could not take the place of active co-operation. As shown by the recent exchange of letters between Marshal Bulganin and the British Prime Minister Mr. Macmillan, the United Kingdom was prepared to do the utmost trade possible with Eastern Europe, subject only to essential defence interests, which affected only a small proportion of United Kingdom trade with that region. There had been a notable increase in trade exchanges in recent months and, so far as the United Kingdom was concerned, it was for purely commercial reasons that the negotiations conducted three years before between the Soviet Government and United Kingdom exporters and importers had not produced positive results. The United Kingdom Government exercised practically no control over the country's foreign trade, whereas the situation was entirely different in the Soviet countries. Hence, the decline in East-West trade over the past twenty years was surely attributable to the trade system set up in the Moscow orbit. It was difficult to see how any new organization could remedy that state of affairs; there were excellent means of making contacts and exchanging ideas between East and West in the Economic Commission for Europe. What was required was not more instruments but the better use of existing machinery.

15. Lastly, he touched on the question of the gap between the standards of living of the industrial countries and those of the countries producing primary commodities. The problem was undoubtedly a complex one, involving such diverse factors as climate, population, social customs and technical ability, but it was generally acknowledged that the gap was accounted for principally by differences in the pace of industrialization. Furthermore, only industrialization could generate the large reserves of investment capital essential to carry the process a stage further. The large surpluses which accumulated in the developed countries and which appeared, at the time of their

formation, to be accentuating the gap were in fact the only effective means of reducing its prime cause and finally of abolishing it. In that connexion, he took exception to the language used by certain speakers to suggest that the gap in question existed only between the under-developed countries and the developed countries with private-enterprise economies. If that were true, there would also be an increasing gap between the developed countries with private-enterprise economies and those with State-controlled economies, which was certainly not the case. What was true, as was shown by the figures in the Secretary-General's report on the financing of economic development (E/3047) ^{2/}, was that it was mainly in the various private-enterprise countries that efforts, bilateral and multilateral, were being made to narrow the gap.

16. In conclusion, he said that the United Kingdom, which still had responsibility for some fifty territories, could not be indifferent to the need to accelerate economic and social progress in the less developed regions of the world and that it would, within the limits of its means, continue to co-operate loyally with the Economic and Social Council and the Members of the United Nations in furtherance of the economic aims of the Charter.

17. Mr. NUNEZ PORTUONDO (Cuba) wished to take the opportunity offered by the general debate on the report of the Economic and Social Council to examine various aspects of the world economic situation in order to draw attention to the serious problems facing the great majority of the peoples represented in the Committee.

18. As far as the industrialized countries of Western Europe were concerned, he noted with interest that the Bonn Government proposed to liquidate part of the German debt indirectly by purchasing securities in the countries concerned, a step which would appreciably alleviate the balance of payments difficulties of those countries. As far as inflation was concerned, he gathered from a recent statement by Mr. Jacobsson, the Managing Director of the International Monetary Fund, that the steps taken by the various industrialized countries had apparently been effective.

19. A cursory examination of the figures relating to the under-developed countries might suggest that 1956 had been a fairly good year. Actually, however, if their situation was compared with that of the industrial countries it would be seen that the share of their exports in international trade was declining. Whereas in 1950 the exports of the non-industrial countries had accounted for 41.6 per cent of the world total, by 1956 the figure had fallen to 34 per cent. As a consequence, the only source of income which enabled the under-developed countries to purchase the capital goods they needed for their economic expansion was gradually drying up. That being so, it was not surprising that the difference between the level of living of those countries and that of the industrial countries was widening progressively. Unless they received very substantial international assistance, most of the under-developed countries would have either to resign themselves to slowing down their expansion in order to maintain the balance of their economies or else to step up their development to a pace which would overtax their capacity. For those reasons Mr. Gutierrez, the

^{2/} Official Records of the Economic and Social Council Twenty-fourth Session, Annexes, agenda item 6.

representative of Cuba on the Inter-American Committee of Presidential Representatives, had stressed the need for a solution of the problem of the shortage of foreign currency which might face the American countries during the period between the inauguration of investment projects designed to speed up their economic and social development and the time when those projects would begin to produce the desired results.

20. A perusal of the World Economic Survey, 1956 (E/2982), and of the Economic Survey of Europe, 1956 (E/ECE/278)^{3/} might give a false impression of economic conditions and the level of living in the under-developed Communist countries. No sound conclusions could be drawn from figures and statistics unless it was known at what cost those figures had been reached, nor could the progress be judged unless it was known not only what the situation had been in the past but also what was the true situation at the moment.

21. In July 1955 Pravda had reported that the Baltic Republics had made rapid progress and that their level of living had risen far above the pre-war level. Yet, according to Kommunist (December 1956 issue), the official organ of the Central Committee of the Communist Party of the USSR, the Estonian workers, who in 1938 had spent only 39.6 per cent of their wages on food, had in 1955 had to spend 76.7 per cent of their income on food.

22. Even in the USSR itself, while the Soviet encyclopedias and publications all joined in extolling the successes obtained in agriculture, the Spravochnik Propagandista i Agitatora, the propagandists' and agitators' manual published by the State publishing house in 1956, had admitted that the development of agricultural production had lagged behind that of industrial output and was insufficient to satisfy the dietary needs which, according to science, had to be satisfied for the purpose of the balanced development of a healthy human being.

23. The CHAIRMAN pointed out to the Cuban representative that the subject under discussion was the report of the Economic and Social Council. Under articles 108 and 111 of the rules of procedure, it was the Chairman's duty to call speakers to order if their remarks were not relevant to the subject under discussion.

24. Mr. NUNEZ PORTUONDO (Cuba) said that at the eleventh session of the General Assembly the representative of the Soviet Union had himself, in the Committee, remarked that it would be impossible to improve the world economic situation unless representatives gave full particulars concerning conditions in their countries.

25. The CHAIRMAN observed that the Cuban representative was describing conditions in the Soviet Union, not in Cuba.

26. Mr. NUNEZ PORTUONDO (Cuba) said he had always understood that all representatives of States Members of the United Nations were entitled to express their ideas freely but if no one was to be allowed to criticize the Soviet Union he would prefer not to continue his speech.

27. Mr. QUEUILLE (France), speaking on a point of order, said that in the first part of his statement the

Cuban representative had examined the situation of rich countries and poor countries; he could not be criticized for wishing to present a balanced picture of the economic situation as a whole by dealing, in the second part of his statement, with conditions in the Communist countries.

28. The CHAIRMAN said that the second part of the Cuban representative's statement seemed to contain material entirely different from that cited in the first part. Nevertheless, he had only wished, in accordance with established procedure, to call the Cuban representative to order and had no intention of preventing him from speaking.

29. Mr. NUNEZ PORTUONDO (Cuba), continuing his statement, said that whereas the elimination of unemployment under the Soviet régime constituted one of the dogmas of Communist ideology, the newspaper Izvestiya had announced in a recent editorial that many young people in the Soviet Union were unemployed. Poland had concluded an agreement concerning the employment of Polish sailors on board Norwegian vessels. Bulgaria had sent some of its unemployed to the USSR (which, at first glance, would seem absurd in the light of Izvestiya's editorial). Finally it appeared that in February the authorities in Hungary had had to provide relief for that country's unemployed. The Under-Secretary for Economic and Social Affairs himself had said in his statement at the 454th meeting that an unemployment problem had arisen in some of those countries.

30. One of the most significant economic events in the USSR had been the failure and abandonment of the sixth five-year plan on which the Soviet economy was to have been based during the period 1956-1960. In addition, Mr. Khrushchev, departing from the Communist doctrine of economic centralization, had only recently announced the launching of a vast programme of industrial decentralization. In September Mr. Mikoyan, a member of the Praesidium had stated that his country would apply one-year plans until 1960, and a little later a statement issued jointly by the Party and the Government had announced that a seven-year plan was being drawn up for the period 1959-1965. The Soviet Union was not alone in experiencing those vicissitudes. The majority of the Communist countries, having failed to adopt a sound economic policy consistent both with their actual capabilities and with the need to ensure their peoples of an adequate level of living, had been obliged to narrow the scope of their objectives. It was very likely, moreover, that if the peoples of those countries were to attain a higher level of living the Communist régimes, having lost all philosophical justification, would collapse of their own weight.

31. His delegation hoped that the Second Committee, mindful of its responsibilities towards mankind, would succeed in drawing up and carrying out projects which would accelerate the economic expansion of all the under-developed countries and so enable their peoples to attain the standard of living to which they were entitled.

32. Mr. ARKADEV (Union of Soviet Socialist Republics), speaking on a point of order, said that he was not in the least surprised by the totally unfounded allegations of the Cuban representative, who was notorious for his ill-considered statements. The Cuban representative should, however, have shown a little more

^{3/} United Nations publication, Sales No.:1957.II.E.1.

moderation for it was well known that he was the spokesman of a terrorist régime which oppressed the Cuban people and tortured those who loved freedom. Instead of speaking about the situation which, according to him, existed in other countries and of which he had learned from doubtful sources, the Cuban representative should have concerned himself with conditions in his own country, whose people were the victims of brutal exploitation organized by foreign monopolies. The Cuban representative's assertions could easily be disproved by figures, but he (Mr. Arkadev) would not trouble to do so, for the efforts to discredit the Soviet Union were ludicrous and it would be a waste of time to point out all the contradictions in the statement. For example, the Cuban representative had no sooner said that there was unemployment in the Soviet Union than he had added that Bulgarian workers were being sent to that country. If such workers were being sent to the Soviet Union it was obvious that they could find employment there. When the Soviet Union felt that the development of its economy and the well-being of the country required a change in its economic plans and in the structure of its administration it did not hesitate to take such steps. The Cuban representative's slanderous statement could not make a serious impression, for everyone knew what orders he was carrying out and whose interests he represented.

3. Mr. NUNEZ PORTUONDO (Cuba), exercising the right of reply, said that he could not accept without protest the fact that the Chairman had allowed the representative of the Soviet Union to make the "purely economic" statement which the Committee had just heard. He pointed out that the data concerning the Soviet Union which he had given in his own statement had been taken exclusively from documents published in the Soviet Union. The report concerning the sending of unemployed persons from Bulgaria to the Soviet Union had been taken from a Soviet newspaper. The Bulgarian workers in question had been sent to Siberia. As far as the revolutionary situation in Cuba was concerned, the Soviet representative obviously knew much more about it than he himself did, since that revolution had been organized by the Communists in Moscow.

34. Mr. KAMENOV (Bulgaria) wished to state that no unemployed Bulgarian worker had ever been sent to Siberia; so untruthful an assertion was unworthy of a member of the Committee.

35. Ato Yawand-Wossen MANGASHA (Ethiopia) said that the expansion of the world economy should of course take place in an orderly and well-balanced fashion, but the enormous discrepancy between the economic development of the industrialized countries and that of the under-developed countries had harmful repercussions throughout the world. Peoples whose living conditions were such that they could scarcely satisfy their basic needs found it very difficult to heed the voice of reason, and consequently inadequate economic development was a threat to the political and social stability of many countries. Hence, in the interests not only of the under-developed countries themselves but also of the world as a whole, the less favoured areas of the world should be enabled to develop their economies as rapidly as possible. He would urge all the industrialized countries to support the establishment of the Special United Nations Fund

for Economic Development, for even if at first it could draw on slender resources only it would render great services to the under-developed countries. Those countries could not apply either to the International Bank for Reconstruction and Development or to the International Monetary Fund or to any other source for the funds which they needed to develop their economic infrastructure, for the inflow of private foreign capital was very low in countries where investments were not profitable. In 1956, for example, Canada and the Western European countries had been the principal beneficiaries of exports of capital.

36. The development of international trade could likewise contribute both to the harmonious expansion of the world economy and to the development of the under-developed countries. In that connexion, he had been happy to hear the United States representative assert (454th meeting) that his Government would endeavour, on a basis of reciprocity to lower existing trade barriers. Even a slight reduction in imports by the United States and other industrialized countries had repercussions throughout the world, particularly in the under-developed countries, whose foreign exchange resources would then fall so low that they would be unable to buy the capital goods and manufactured products so necessary for their development.

37. In conclusion, he noted the outstanding achievements of the regional economic commissions. Recalling that at the eleventh session he had expressed hope for establishment of an economic commission for Africa, he invited the Committee, as the representative of Ghana and Sudan had done before, to reach an early and positive decision in the matter.

38. Mr. AL-DALLI (Iraq) wished to refer to certain passages in the statement of the Israel representative which might give the members of the Committee a false impression. At the Committee's 461st meeting the Israel representative had spoken of the refusal of the Arab States to trade with Israel and had given elaborate details of the restrictive measures applied by the Arab States, but had failed to explain why those States had adopted such a policy. The reasons were the following: Israel had committed countless acts of aggression against its neighbours, the latest being the attack on Egypt and had been condemned by the United Nations, the Israel Government was pursuing an expansionist policy, maintained an army which was in itself larger than all the armies of its neighbours combined, was engaged in an intensive industrialization campaign and was encouraging such large-scale immigration that the number of immigrants was now greater than the total population in the territory in the past. Israel's object was clearly to dominate the whole region. In the circumstances, the refusal of the Arab States to trade with Israel was simply a defensive reaction. It was wrong to describe that as an unprecedented attitude for many other States had refused to enter into commercial relations with countries which they considered aggressive. The restrictive measures adopted by the Arab States were not in any way inspired, as the Israel representative had alleged, by religious prejudice or anti-Semitism; in fact, there were Jewish undertakings which did not do business with Israel and maintained normal trade relations with the Arab countries.

The meeting rose at 1 p.m.